

Terex Pension Scheme

Statement of Investment Principles

Scope of Statement

This Statement of Investment Principles (the "Statement") has been prepared in accordance with Section 35 of the Pensions Act 1995 (as amended by the Pensions Act 2004, and the Occupational Pension Schemes (Investment) Regulations 2005). The Statement is intended to affirm the investment principles that govern decisions about the Scheme's investments.

The effective date of this Statement is July 2025. The Trustee will review this Statement and the Scheme's investment strategy no later than three years after the effective date of this statement and without delay after any significant change in investment policy.

Consultations Made

As required by regulations, the Terex Pension Scheme Trustee (the "Trustee") has consulted with Terex GB Limited (the "Employer") prior to writing this Statement and have considered their recommendations and will take the Employer's comments into account when they believe it is appropriate to do so.

The Trustee is responsible for the investment strategy of the Terex Pension Scheme (the "Scheme"). They have obtained written advice on the investment strategy appropriate for the Scheme and on the preparation of this Statement. This advice was provided by Aon Investments Limited who are authorised and regulated by the Financial Conduct Authority.

The day to day management of the Scheme's assets has been delegated to investment managers who are authorised and regulated by the Financial Conduct Authority. A copy of this Statement has been provided to the investment managers appointed, is available to the members of the Scheme and will be published on a publicly accessible website.

Objectives and Policy for Securing Objectives

The Trustee's primary objective is to invest the assets of the Scheme in a low-risk manner to ensure that the benefits promised to members are provided.

To achieve this, the Scheme's liabilities have been fully insured via a series of Bulk Annuity Policies ("policies") with Aviva. The policies remain assets of the Scheme (referred to as "buy-ins") and Aviva will make payments to the Trustee reflecting the benefits due to the members (and beneficiaries) of the Scheme as they fall due. Therefore, the policies aim to mitigate the long-term interest rate, inflation, and longevity risks to the Scheme.

The residual, small proportion of Scheme's assets outside of the policies consist of cash and cash-like instruments. The Trustee's strategy is to ensure these residual assets are invested in low-risk manner to maintain appropriate liquidity to help meet ongoing expenses and operational flexibility in the payment of benefits, whilst generating cash like returns.

In the short to medium term, it is the Trustee's intention to work towards converting the policies into individual annuity policies for all relevant members (and beneficiaries) of the Scheme (referred to as a "buy out") and shortly thereafter wind-up the Trust.

Choosing Investments

The types of investments held and the balance between them is deemed appropriate given the liability profile of the Scheme, its cash flow requirements, the funding level of the Scheme and the objectives of the Trustee.

The assets of the Scheme are to the Trustee's best knowledge invested in the best interests of the members and beneficiaries. The Trustee has received independent advice from their professional advisers in order to assist them in the decision making process.

The Trustee exercises powers of investment in a manner calculated to ensure the security, quality, liquidity and profitability of the portfolio as a whole. Assets held to cover the Scheme's technical provisions (the liabilities of the Scheme) are invested in a manner appropriate to the nature and duration of the expected future retirement benefits payable under the Scheme.

Before entering the policies with Aviva, the Trustee reviewed the governing document associated with the policies and considered the extent to which it aligned with the Scheme's requirements.

Following the purchase of the policies with Aviva, the Scheme holds all assets with Aviva, with the exception of the residual assets held in the Trustee Bank Account. The responsibility for managing arrangements with the underlying asset managers lies with Aviva. This responsibility may include ensuring that arrangements with appointed asset managers are aligned to achieving the medium and long-term objectives of Aviva and as established within the contractual terms of the policies.

Investment Risk Measurement and Management

The policies held by the Scheme provides a match for the key investment and non investment risks for members of the Scheme (i.e. interest rate, inflation, and longevity risks). Whilst the key investment and non-investment risks are removed by the policies, the Trustee is exposed to the counterparty risk of the insurance company, i.e. the risk that Aviva fail to make the pension payments covered by the policies as they fall due. The Trustee considered the credit strength of Aviva as part of its due diligence process and is entirely comfortable with the financial strength of the selected insurance company. Having considered this, in addition to several other factors including the regulatory environment provided by the Financial Conduct Authority, the Prudential Regulation Authority and following advice from its Risk Settlement Consultants, the Trustee considered this to be an appropriate investment for the Scheme.

Custody

Following the purchase of the policies, the Scheme no longer holds assets within a custody agreement.

Expected Returns on Assets

The Scheme's long term asset allocation is in the policies with Aviva with a small residual of assets held within the Trustee Bank Account for meeting expenses. As such, the Scheme assets do not have an explicit return objective, rather the assets aim to deliver the benefits promised to members.

No performance monitoring is carried out in relation to the policies, however checks are carried out to ensure the payments received from the policies are in line with expectations.

Realisation of Investments/Liquidity

The policies, whilst illiquid and not realisable, pays contractual income to the Scheme on a monthly basis to cover the benefit payments of the insured members as they fall due as per the terms of the policies.

The residual cash held in the Trustee Bank Account are realisable at short notice should the Trustee need to meet any cashflow requirements not covered by the policies (expenses for example).

Environmental, Social or Governance Considerations

The Trustee acknowledges that an understanding of financially material considerations including environmental, social and corporate governance (ESG) factors (such as climate change) and risks related to these factors can contribute to the identification of investment opportunities and financially material risks.

In endeavouring to invest in the best financial interests of the beneficiaries, the Trustee has elected to invest the Scheme's assets in the policies and therefore has limited ability to influence the ESG policies and practices of the companies in which Aviva, as the provider of the policies, invests.

Stewardship: Voting and Engagement

The Trustee recognises the importance of their role as a steward of capital and the need to ensure the highest standards of governance and promotion of corporate responsibility in the underlying companies and assets in which the Scheme invests, as this ultimately this creates long-term financial value for the Scheme and its beneficiaries.

Following the purchase of the policies, the Trustee has delegated the management of the collateral backing the policies to Aviva. This includes responsibility for stewardship activities, including voting and engagement. The Trustee accepts responsibility for how Aviva stewards assets on its behalf, including the casting of votes in line with their voting policies. The Trustee does not attempt to influence the ESG integration or stewardship policies and practices of Aviva in managing these assets.

Members' Views and Non-Financial Factors

The Trustee does not specifically take into account the views of Scheme members and beneficiaries in relation to ethical considerations, social and environmental impact, or present and future quality of life of the members and beneficiaries of the Scheme (defined as 'non-financial factors' in the 2018 Regulations).

Arrangements with Investment Managers

Before entering into the policies with Aviva, the Trustee reviewed the governing documentation and considered the extent to which it aligned with the Scheme's requirements.

Following the purchase of the policies, the responsibility for managing arrangements with the underlying asset managers lies with Aviva. This responsibility may include ensuring that arrangements with appointed asset managers are aligned to achieving the medium and long-term objectives of Aviva and as established within the contractual terms of the policies of the Scheme.

No performance monitoring is carried out in relation to the policies however checks are carried out to ensure the payments received from the policy are in line with expectations.

There is no set duration for arrangements with Aviva.

Targeted portfolio turnover is defined as the expected frequency with which an investment manager's fund holdings change over a year. Given the Scheme's assets are invested in the policies, the Trustee does not monitor portfolio turnover.

Monitoring of Investment Manager Costs

The Trustee is aware of the importance of monitoring the investment managers' total costs and the impact these costs can have on the overall value of the Scheme's assets.

Following the purchase of the policies, responsibility for monitoring costs of the majority of the Scheme's assets has been delegated to Aviva. The Trustee therefore does not monitor costs relating to the policies. The Trustee paid premiums to Aviva when the policies were initiated, and there are no ongoing fees in respect of the policies.

Effective Decision Making

The Trustee recognises that decisions should be taken only by persons or organisations with the skills, information and resources necessary to take them effectively. Following the purchase of the policies, the Trustee has delegated the investment decision making to Aviva.

Additional Voluntary Contributions ("AVCs") Arrangements

Some members have obtained further benefits by paying AVCs to the Scheme provided by Aviva, Utmost and Prudential. The liabilities in respect of these AVCs are equal to the value of the investments bought by the contributions. From time to time the Trustee reviews the choice of investments available to members to ensure that they remain appropriate to the members' needs.

Timing of Periodic Review

The Trustee will review this Statement and the Scheme's investment strategy each year and additionally whenever they believe there to be a significant change in the Scheme's circumstances.

Agreed for and on behalf of Trustee Solutions Limited as Trustee of the Terex Pension Scheme.